

We ended up holding the story because of some lingering questions the editors had, and because I realized that we hadn't explained how the "zero-based budgeting" strategy plays into this year's process.

- Zero-Based budgeting begins with a baseline budget of zero, instead of carrying over funding from previous years
- Zero-based budgeting sets funding targets by services rather than departments
 - Setting funding targets by services allows departments and agencies to submit funding requests based on how results will be achieved, instead of how the allocation will be spent
- Zero-based budgeting allows budgetary discussions to be guided by what services to keep rather than what to cut
 - Because zero-based budgeting clearly evaluates services, decision makers can stop making decisions at the margin and have a more substantial impact
- Zero-based budgeting allows budget decision makers to evaluate 100% of the budget each year, and identify the services they are currently funding, evaluate how effectively those services are being delivered, and ensure that budget decisions accurately reflect strategic priorities
 - In 2019, over 98% of the budget remained the same as the prior year.
- For 2020, Zero-based budgeting is being piloted by five target departments, selected to provide a variety of challenges that allow the final process to be scalable city-wide. The 5 selected departments are:
 - New Orleans Police Department
 - NOPD has the largest budget of all City departments and is critical to public safety, a major priority of the administration.
 - The NOPD budget is complex and also involves funding sources other than the general fund, which will be an important consideration when implementing zero-based budgeting in other departments.
 - Department of Public Works
 - DPW is a large department that experienced a substantial budget surplus in personal services in 2018.
 - DPW also performs functions critical to improving the City's infrastructure, which is a major priority of the City Council and Administration.
 - New Orleans Recreation and Development Commission
 - NORD-C was selected due to the mix of full-time, part-time, and seasonal workers combined with the programmatic nature of their operations.
 - Juvenile Justice Intervention Center (formerly the Youth Study Center)
 - The JJIC was selected to align with the administration's priority of focusing on Youth and Families.
 - Department of Safety and Permits
 - Safety and Permits is a unique department in that its core function is providing services for which they charge a fee.
 - Including a Department that generates revenue is important so that we can understand how to correlate expenditures to revenues.

- In the first year, our team has worked with the KPMG consulting team to develop and implement a City-wide ZBB framework. The consultants will deliver the following items to the City:
 - “As Is” assessment of current budget process
 - ZBB implementation plan for all Departments
 - Change management plan for all Departments
 - Recommendations for evaluating services and monitoring spending
 - Initial recommendations for cost-saving measures

Will we see a budget document that looks drastically different from what we saw last year because departments are having to think about things differently under that process? Would be great to get Gilbert on the phone so he can talk us through that.

- Other than the sections of the five pilot departments selected for ZBB, we do not anticipate that the 2020 budget book will look drastically different.
- Our primary goal with the pilot departments for 2020 is to prove the concept of ZBB and get buy-in from all stakeholders around the ZBB approach, not to run two parallel budget systems.

Also, to whatever extent he can discuss how a roll forward would benefit the city's bottom line, and at what point the council will be asked to consider one, that would be great.

- The Administration will present its request to council to roll forward millages at the Sept 26th Budget Committee
- The City is working to find approximately \$20 in recurring revenue to fund expenses that were previously funded in full or part by one-time revenue sources.
 - Historically, one-time revenues were used to fund recurring expenses including employee pay raises, ongoing infrastructure maintenance, and other administration priorities
 - For example, the \$13.2M police pay raises, was paid for by one-time funding from the World Trade Center Lease Payments.